REMARKS

I. Introduction

Claims 1-25 have been examined and are rejected. Specifically, claims 1-11, 20-21 and 24 stand rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over the Anthony publication[1] ("Anthony"), in view of the Avery publication[2] ("Avery") and the Ellram publication[3] ("Ellram"); and claims 12-19, 22-23 and 25 stand rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Anthony in view of Avery.

II. § 103 Rejections of Claims 1-25

As noted above, claims 1-11, 20-21 and 24 are rejected under § 103(a) as allegedly being unpatentable over Anthony, in view of Avery and Ellram; and claims 12-19, 22-23 and 25 are rejected under § 103(a) as allegedly being unpatentable over Anthony in view of Avery.

A. Claims 1-11, 20-21 and 24

With respect to claims 1-11, 20-21 and 24, claims 1 and 11 are the independent claims. Claims 1 and 11 are directed to cost processing systems for determining a transaction cost of an item. In claims 1 and 11, a department is defined for the item supplied with a value-added feature. In claims 1 and 11, the transaction cost of the item in each of the departments transacting the item based on an allocation of business expenditures to each of the departments and a number of the items transacted in each of the departments is determined.

The Examiner acknowledges that Anthony fails to disclose or suggest that a department is defined for an item supplied with a value-added feature. See Office Action, page 4. Instead, the Examiner alleges that Avery makes up for this deficiency of Anthony. In particular, the

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[1] Anthony et al., *Accounting: Text and Cases*, 1995 (9th ed.), pp. 115-118, 531-534 and 612-616.
[2] Avery, Susan, *MRO Purchasing Plays Roles in Reshaping the Distribution Channel*, Purchasing, May 20, 1999, p. 108.
[3] Ellram, Lisa, *Total Cost of Ownership: Elements and Implementation*, International Journal of Purchasing and Materials Management, Fall 1993, pp. 3-11.

Examiner alleges that Avery discloses an item supplied with a value-added feature by disclosing that wholesalers may need to explore with their customers value-added services such as payment via electronic funds transfer. See Office Action, page 4. The Examiner then jumps to the conclusion that it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to modify Anthony such that an item is supplied with a value-added feature. See Office Action, page 4. The Examiner's motivation, purportedly found in Avery, is that the definition of a value-added service is that it adds value to a product or service, such that the motivation for having a value-added feature is implicitly disclosed by Avery. See Office Action, page 4.

It is respectfully submitted that the Examiner's reasoning is flawed. The question is not whether a value-added service somehow adds value to a product or service, but whether one of ordinary skill in the art (at the time of Applicant's invention) would have been motivated from the references themselves and not Applicant's own disclosure to combine Anthony and Avery in the manner proposed. See MPEP §§ 2142-43. As the Federal Circuit noted in *In re Sang Su Lee*, an examiner can satisfy the burden of showing obviousness of the combination "only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references." 277 F.3d 1338, 1343 (Fed. Cir. 2002) (*citing In re Fritch*, 972 F.2d 1260 (Fed. Cir. 1992)).

Here, it appears that the Examiner is impermissibly relying on Applicant's own disclosure as the motivation for combining Anthony and Avery. Again, the Federal Circuit has noted that "[its] case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references." *In re Sang Su Lee*, 277 F.3d 1338, 1343 (2002). Avery merely discusses that value-added services may play a role in

electronic commerce between wholesalers and their customers. See Avery, Section A. The Examiner does not articulate and indeed the references do not provide any motivation or suggestion for combining Avery's mention of value-added services in the context of e-commerce with the general accounting principles discussed in Anthony in such a manner as to render any of the claims obvious. Instead, it is only Applicant's own disclosure that relates to determining a transaction cost of an item in each of the departments transacting the item, including a department for transacting the item if the item is supplied with a value-added feature. Anthony and Avery, alone or in combination, fail to disclose or suggest defining a department for transacting an item if the item is supplied with a value-added feature.

Ellram fails to make up for the above-noted deficiencies of Anthony and Avery. For example, Ellram fails to disclose or suggest any mechanism for defining a department for transacting an item if the item is supplied with a value-added feature.

For at least the above reasons, the Examiner fails to establish a *prima facie* case of obviousness by providing a reasonable motivation (lacking impermissible hindsight) for combining the references. Furthermore, even if the references were combined in the manner proposed, the Examiner fails to establish that the Anthony-Avery-Ellram combination would disclose or suggest all of the recited limitations. For example, the Anthony-Avery-Ellram combination proposed by the Examiner would not disclose or suggest defining "a department for transacting the item if the item is supplied with a value-added feature" and/or determining "the transaction cost of the item in each of the departments transacting the item," including the department for if the item is supplied with a value-added feature.

Therefore, Applicant respectfully requests that the rejection of claims 1-11, 20-21 and 24 be withdrawn and that these claims be allowed.

B. Claims 12-19, 22-23 and 25

With respect to claims 12-19, 22-23 and 25, claims 12 and 19 are the independent claims. Claim 12 is directed to a method for determining a transaction cost of an item. Claim 19 is directed to an article of manufacture comprising a computer-readable medium storing a program for determining a transaction cost of an item. Claim 12 recites, among other things, "defining one or more departments which produce cost-driving transactions including a department for processing the item if the item is supplied with a value-added feature." See also claim 19. It is respectfully submitted that claims 12 and 19 are patentable over the proposed Anthony-Avery combination based on a rationale analogous to that set forth above for claims 1 and 11. Consequently, claims 13-18, 22-23 and 25 are patentable over the Anthony-Avery combination at least by virtue of their dependency.

III. Claim Objections

Claim 23 is amended to address the formality raised by the Examiner. It is respectfully submitted that the amendment to claim 23 overcomes the Examiner's objection, as set forth on page 2 of the Office Action.

IV. Conclusion

In view of the above, entry and consideration of this Amendment and allowance of claims 1-25 are respectfully requested. If any points remain in issue which the Examiner feels may be best resolved through a personal or telephone interview, the Examiner is invited to contact the undersigned attorney at the telephone number listed below.

The USPTO is directed and authorized to charge all required fees, except for the Issue Fee and the Publication Fee, to Deposit Account No. 03-0172. Please also credit any overpayments to said Deposit Account.

Respectfully Submitted,

Billy C. Raulerson

Date: **August 4, 2006**

Billy Carter Raulerson
Reg. No. 52,156
(216) 622-8372